

EXHIBIT A

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF WASHINGTON AT TACOMA

- - - - - x

STATE OF WASHINGTON, :

Plaintiff :

VS. : NO. 3:17-CV-05690

FRANCISCAN HEALTH SYSTEM :

d/b/a CHI FRANCISCAN HEALTH; :

FRANCISCAN MEDICAL GROUP; :

THE DOCTORS CLINIC, a :

Professional Corporation; :

and WESTSOUND ORTHOPAEDICS, :

P.S., :

Defendants : Pages 1-308

- - - - - x

Washington, DC

Tuesday, December 4, 2018

Videotaped Deposition of CORY STEPHEN CAPPS, PH.D., A witness herein, called for examination by counsel for the Defendants in the above-entitled matter, pursuant to notice, the witness being duly sworn by SHERRY L. BROOKS, Certified LiveNote Reporter and a Notary Public, in and for the District of Columbia, taken at Bates White, LLC, 2001 K Street, NW, North Building, Suite 500, Washington, DC, 20006, at 9:46 a.m., when were present on behalf of the respective parties:

1 APPEARANCES:

2 On behalf of the Plaintiff:

3 ERICA A. KOSCHER, ESQUIRE

4 RENE D. TOMISSER, ESQUIRE

5 JUSTIN WADE, ESQUIRE

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15 On behalf of Defendants:

16 MITCHELL D. RAUP, ESQUIRE

17 HERBERT F. ALLEN, ESQUIRE

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1 APPEARANCES CONTINUED:

2

3 ALSO PRESENT:

4

5 Pat Ruffner - Videographer

6 Kristin Terris, Ph.D. - Independent Consultant

7 Paul E. Wong, Ph.D. - Independent Consultant

8 Douglass Ross, Davis Wright -

9 The Doctors Clinic (via telephone)

10

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1 amount remaining from the economic side.

2 So if we're at one and a quarter now,
3 there may be -- gosh -- less than a few hundred
4 thousand dollars incremental, is my understanding --
5 my expectation, rather.

6 Q. So maybe in the neighborhood of \$1.5
7 million through trial?

8 A. Yes. That's reasonable.

9 Q. In paragraph 18 of your reply report, you
10 state that one area on which you and Dr. Wu largely
11 agree is that you both use the horizontal merger
12 guidelines to define relevant markets, correct?

13 A. Yes.

14 Q. And you also use other tools of merger
15 analysis from the horizontal merger guidelines,
16 correct?

17 A. Yes.

18 Q. For example, you use HHIs to measure
19 concentration?

20 A. Correct.

21 Q. And you use diversion ratios to assess
22 competitive effects?

23 A. Correct.

24 Q. And you reach a conclusion based on the
25 merger guidelines -- and this is in your opening

1 report in paragraph 300 that: "The posttransaction
2 degree of concentration falls into an intermediate
3 range in which under the horizontal merger guidelines
4 transactions, 'potentially raise significant
5 competitive concerns and often warrant scrutiny'."

6 That's a quote from the merger guidelines,
7 correct?

8 A. The last bit of what you said is a quote
9 from the merger guidelines. The first bit is from my
10 report.

11 Q. Yes.

12 A. And that is -- that whole excerpt is
13 focused on adult PCP services. There are different
14 levels of concentration associated with higher --
15 with the orthopaedic side.

16 Q. And the quote we are discussing relates to
17 the TDC transaction and primary care, correct?

18 A. Correct.

19 Q. So you applied the horizontal merger
20 guidelines to both the WSO and TDC transactions?

21 A. Yes.

22 Q. And you used the same methods to analyze
23 both of those transactions, correct?

24 A. Yes.

25 Q. You didn't analyze the TDC transaction as

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800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

From: Wicks, Brian M.D.
To: Hoisington, Greg D.O.
Sent: 7/13/2016 9:18:36 PM
Subject: Re: CHI Franciscan Health and WestSound Orthopaedics Joining Together

Who the fuck did people go to before the WSO buyout?
Ketul brought along Kruse and Cross. He is suspect right from the start.
However, one must people PC and not denigrate the overlords.
Oh, how healthcare has progressed in our county.
I can't wait to hear how CHI messages the addition of TDC to FMG.
"You can now get your outpatient care in a complex, relatively unsafe, and vastly more expensive location. You are welcome, Kitsap County..."

Brian P. Wicks, MD

On Jul 13, 2016, at 3:34 PM, Hoisington, Greg D.O. <ghoisington@thedoctorsclinic.com> wrote:

Greg Duff will also be using Holy Water

From: Chandler, Brian
Sent: Wednesday, July 13, 2016 3:16 PM
To: Hoisington, Greg D.O.; They
Subject: RE: CHI Franciscan Health and WestSound Orthopaedics Joining Together

The Sun published something earlier:

WestSound Orthopaedics affiliates with CHI Franciscan

Posted: 12:25 p.m.

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By Kitsap Sun Staff

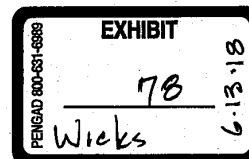
Posted: 12:25 p.m. [0](#)

SILVERDALE — CHI Franciscan Health announced an affiliation agreement Wednesday with Silverdale-based WestSound Orthopaedics.

CHI Franciscan, parent company of Harrison Medical Center, is acquiring the orthopedic group's assets and will lease its Silverdale location, according to a news release. WestSound Orthopaedics will continue to operate under its current name as part of Franciscan Medical Group. The agreement took effect July 1.

WestSound Orthopaedics President Dr. Gregory Duff said the affiliation was "critical to maintaining exceptional patient care in this changing health care landscape."

"This relationship ensures the patients in this community will receive the highest quality of care moving forward," Duff said in the release.



TDC304438

CHI Franciscan CEO Ketul Patel said the affiliation will increase access to orthopedic care and sports medicine for Kitsap County residents.

Founded in 2005, WestSound Orthopaedics has grown rapidly in recent years, adding staff and satellite locations across the county. The group's providers already work regularly in Harrison facilities, including the orthopedic hospital in Silverdale.

This story will be updated later today.

They couldn't come up with a better quote for Patel than expanding access?

From: Hoisington, Greg D.O.
Sent: Wednesday, July 13, 2016 3:07 PM
To: They
Subject: FW: CHI Franciscan Health and WestSound Orthopaedics Joining Together

It's official

From: Patel, Ketul (Tacoma) [<mailto:francomur@catholichealth.net>]
Sent: Wednesday, July 13, 2016 3:01 PM
To: Hoisington, Greg D.O.
Subject: CHI Franciscan Health and WestSound Orthopaedics Joining Together

To view this email as a web page, go [here](#).



July 13, 2016

MEMO

TO: CHI Franciscan Health Medical Staff
FROM: Ketul J. Patel, Chief Executive Officer
RE: CHI Franciscan Health and WestSound Orthopaedics Joining Together

I am pleased to announce that CHI Franciscan Health and WestSound Orthopaedics are affiliating to enhance access to care for the communities of Kitsap Peninsula. The partnership is part of our strategic growth objective to develop the most efficient health care delivery system in the Puget Sound. Patients throughout the Peninsula will increasingly experience the convenience of access to orthopedic care and sports medicine close to home.

For more than a decade, WestSound Orthopaedics has served Kitsap County communities with orthopedic service providers in three locations. Providers specialize in orthopedic consulting and surgical care, hip and knee joint replacement, foot and ankle surgery, occupational medicine, as well as many other orthopedic and sports medicine services. The group also offers a same-day orthopedic urgent care. Our affiliation will augment our existing specialty services to area residents and enhance our network of high quality, safe orthopedic care.

Beginning July 1, WestSound Orthopaedics' service providers, and staff joined CHI Franciscan Health's Franciscan Medical Group. With the affiliation, we will purchase WestSound Orthopaedics' medical and office equipment and assume the lease of its Silverdale locations.

Together we are building an industry-leading, patient-centered health care system and delivering on our promise to be the premier health care system in the Pacific Northwest.

CHI-FH white footer 710px
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This email was sent to: ghoisington@thedoctorsclinic.com

This email was sent by: CHI Franciscan Health
PO Box 2197, Tacoma, WA, 98401, USA

We respect your right to privacy - [view our policy](#)

TDC304440

EXHIBIT C

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1/31/2019

Why hospitals should keep their friends close, and their ASCs closer

Why hospitals should keep their friends close, and their ASCs closer

Brooke Murphy - Wednesday, May 4th, 2016 [Print](#) | [Email](#)

The shift toward value-based care models is changing how hospitals think about the business of surgery.

Kevin Kennedy, principal at ECG Management Consultants, and Naya Kehayes, founder and principal of Eveia Health, a division of ECG, discussed the changing ideology behind hospital surgical services during a presentation at *Becker's Hospital Review 7th Annual Meeting* in Chicago April 28.

"In progressive organizations that are serious about population health, the dialogue around surgical services has changed dramatically," said Mr. Kennedy. Operating rooms, traditionally the most profitable part of the hospital business, are now the greatest threat to an organization's success under risk-based contracts.

Mr. Kennedy pointed out several large health systems that have made significant investments in surgical centers. Sacramento-based Sutter Health owns six surgical centers spread throughout southern California. Dallas-based Tenet Healthcare partnered with Addison, Texas-based USPI in a joint venture under which the two parties will share ASC ownership.

And there are a number of reasons why surgical centers have recently become an appealing investment opportunity for hospitals and health systems, Ms. Keyhayes said. Hospitals are under increasing pressure from Medicare and commercial payers to move surgical services off-site, where care is significantly less costly. Due to advancing clinical technologies, a greater number of complex surgeries can be performed in an outpatient setting. Partnering with an ASC increases a hospital's number of available beds to accommodate more procedures and spur productivity. New device-intensive codes have also increased reimbursement levels to surgery centers.

Traditionally, physician-owned surgical centers staunchly guarded their independence, but changes in the healthcare environment are spurring ASCs to consider new business deals with hospitals, said Ms. Keyhayes. Entering into a joint venture with a hospital can enhance physician compensation by driving new business into the surgical center and providing its physicians with key support.

Commercial and government payers have already expressed interest in partnering with surgical centers. Because ASCs already know their exact costs for each medical procedure they perform, and their operations are significantly more cost-effective, ASCs offer a value-proposition under bundled payment schemes.

And some insurers have no qualms about adopting aggressive strategies to improve their own bottom line. "One health plan has agreed to pay an orthopedic physician group double-digit rate increases for a period of several years, contingent upon the group moving all total joint replacement surgeries out of hospital settings and into its ASC," said Mr. Kennedy. "Hospital leaders are not aware of this agreement. We expect anecdotes like these to become more common as payers push risk-based models."

More articles on hospital and physician alignment issues:

[2 ways systems can come of age, gain efficiencies around medical staff issues](#)
[7 steps for building a clinically integrated network](#)
[Why Mayo Clinic is picking up the check for physicians to dine together](#)

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To receive the latest hospital and health system business and legal news and analysis from *Becker's Hospital Review*, sign-up for the free *Becker's Hospital Review E-weekly* by [clicking here](#).

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Exhibit No.

806
Kennedy
123-12

Cynthia A. Kennedy, CSR, RPR

June 2017

ASCs at a Tipping Point: The New Reality of Surgical Services for Health Systems

ECG MANAGEMENT
CONSULTANTS

INTRODUCTION

For decades, surgeries performed in hospital operating rooms (ORs) have been among the most profitable services in healthcare. As a result, most hospitals regard inpatient (IP) surgery as their crown jewel. It makes money, and hospitals without high surgical volumes have struggled financially. Attracting busy surgeons has been a mainstay strategy, and at times it has seemed as if hospitals' business development efforts have been geared primarily toward securing surgery volumes. Neurosurgery, cardiac surgery, and orthopedics have traditionally been the most prestigious and profitable programs at hospitals.

In contrast, health systems have had a love-hate relationship with ambulatory surgery centers (ASCs). Only when push came to shove—when facing the catastrophic loss of hundreds of cases, or a medical staff rebellion—have most hospitals been willing to consider joint ventures with surgeons interested in ASCs. Many other hospitals watched helplessly as “their” cases left for ASCs in which they had no ownership interest.

ASCs are not a new idea—they have been with us for over 40 years—but interest in them is escalating. There are over 5,000 Medicare-certified ASCs in the

United States, and the number continues to grow, as do their service capabilities. Consider the following developments:

- In early 2017, UnitedHealth Group announced a \$2.3 billion acquisition of Surgical Care Affiliates.
- In 2015, Tenet Health formed a \$2.6 billion joint venture with USPI.
- A northeastern health system intends to develop a network of more than 30 ASCs.
- A southwestern health system has plans to develop more than 20 ASCs, with an in-house ASC management company to support the network.
- A southeastern health system is seeking to develop or acquire more than 10 centers in its market area.

Clearly, the IP-dominated paradigm for surgery is evolving rapidly, with some of the most profitable cases transitioning to ASCs. Forward-looking health systems are investing heavily in this shift—in some cases strategically reducing IP revenue to better position their systems for the future. Dozens of health systems have already made this change, and many more are in the process. We believe that ASCs are at a tipping point in the evolution of health care delivery, and hospitals without a comprehensive ambulatory surgery strategy are putting their institutions at great risk.

In this paper, we will describe the forces that are changing surgery and outline strategic considerations for navigating this fundamental shift in a crucial business.



DRIVING CHANGE IN THE SURGERY LANDSCAPE

First we will focus on the five main drivers of the changing surgery landscape and movement toward the ASC model: the shift to value-based care; reimbursement changes for ASCs; the accelerating transition to outpatient (OP) care; and both the superior patient and physician experience offered by ASCs.

I

Shift to Value

The shift to value is requiring health system leaders to rethink many of their tried-and-true strategies, and providers are being pushed to reduce costs, improve quality, and enhance patient satisfaction and convenience. Further, commercial and governmental payors are seeking more transparency regarding site of service on reimbursement rates. With these factors in mind, many health system leaders are directing surgical services out of the hospital IP setting and into the OP setting.

Under the evolving paradigm for surgery, IP ORs are a cost center and, like other expenses, are a target for evaluation and reduction. The historic protective impulse to keep volume in the hospital is giving way to a greater focus on transitioning care to lower-cost settings. Migration of surgical services from IP to hospital OP departments (HOPDs) and ultimately to ASCs is highly motivated by the significant opportunity for cost savings.

"Migration of surgical services from IP to hospital OP departments (HOPDs) and ultimately to ASCs is highly motivated by the significant opportunity for cost savings."

Reimbursement Changes: Payment Rates Are Impacting Migration Across Sites of Service

CMS implemented the Outpatient Prospective Payment System (OPPS) for HOPDs in 2000 and for ASCs in 2004. Since that time, Medicare has been seeking to level the playing field for payment methodologies between hospitals and ASCs. In 2017, the dollar value of Medicare HOPD rates compared to ASC rates is approximately 55% for all approved ASC services, so ASCs represent a meaningful savings to CMS and commercial payors. In 2017, CMS approved meaningful rate increases for several total joint procedures, ranging from 45.2% to 58.7% (see **exhibit I**), which enables migration to the ASC model. Medicare is clearly motivated to identify opportunities for added savings, both by increasing the number and type of ASC-eligible cases and by providing incentives for ASC operators to perform them.

Commercial payors nationwide have also migrated to the APC (or APC-like) payment methodology in many markets. These payors are aligning payment systems in hospital payor contracts with ASC payor contracts. Therefore, when CMS modifies payment systems, it sets the stage for the commercial payors to adopt the same or a modified version of the Medicare methodologies as a platform for ASC reimbursement. Commercial payors are implementing aggressive contracting initiatives and are commonly moving hospital OP surgery reimbursement to ASC reimbursement methodologies with differentials that are closing the gap between ASC and hospital reimbursement rates.

Exhibit I—ASC Total Joint Medicare Rate Increases, 2017

CPT Code	Description	2016 Medicare ASC Rate	2017 Medicare ASC ¹ Rate	Difference (\$)	Difference (%)
24361	Reconstruct Elbow Joint	\$7,887	\$12,514	\$4,628	58.7%
25446	Wrist Replacement	\$7,887	\$12,313	\$4,426	56.1%
24363	Replace Elbow Joint	\$7,887	\$12,122	\$4,236	53.7%
25442	Reconstruct Wrist Joint	\$7,887	\$12,107	\$4,220	53.5%
24371	Revise Reconstruct Elbow Joint	\$7,887	\$11,684	\$3,797	48.1%
23616	Treat Humerus Fracture	\$7,887	\$11,357	\$3,471	44.0%
27443	Revision of Knee Joint	\$3,533	\$4,981	\$1,449	41.0%
25443	Reconstruct Wrist Joint	\$2,486	\$3,817	\$1,331	53.5%
26531	Revise Knuckle with Implant	\$2,486	\$3,684	\$1,198	48.2%
25445	Reconstruct Wrist Joint	\$2,486	\$3,609	\$1,123	45.2%

¹ Centers for Medicare & Medicaid Services, Ambulatory Surgical Center (ASC) Payment, December 30, 2016, retrieved January 26, 2017, <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ASCPayment/index.html>.

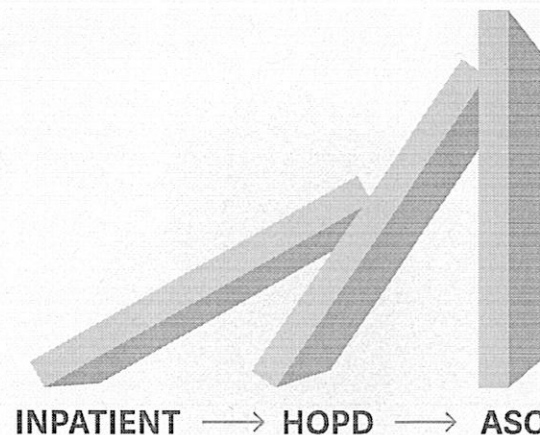
The Shift to OP Care: More High-Acuity Cases Are Coming to an ASC Near You

Advances in technology, smaller incision sites, and OP anesthesia and pain management are only some of the contributing factors that have enabled the migration of surgery from the IP setting first to an HOPD and then to an ASC (see **Exhibit II**). Several states, including Colorado, Nevada, and Illinois, have extended stay recovery laws that allow patients to recover in ASCs for more than 24 hours and up to 72 hours or greater. Extended recovery care licensure is expected to continue to grow as many states, including Florida and Oregon, have proposed legislation and/or are actively pursuing bills for extended recovery care.

Surgery migration to the OP setting is accelerating, with CPT codes that have traditionally been designated as hospital IP—only being approved first for HOPDs and subsequently for the ASC setting. Over the past several years, CMS has added total joint codes and several high-value spine codes, including laminectomy, anterior cervical fusion, and posterior lumbar fusion procedures, to the ASC approved list. As quickly as Medicare is moving, however, they may actually be lagging commercial payors in this area. We often see medical directors for health plans gaining comfort with the cost, quality, and service advantages of migrating cases to ASCs, and many are approving codes for ASCs for complex procedures in total joints, spine surgery, and hysterectomies—ahead of CMS. This has set the stage for further promoting the migration of ambulatory surgery from the hospital to the ASC setting.

CMS's evolving position on total knee arthroplasty (TKA) makes an interesting case study. TKA surgery has been increasingly performed safely and effectively in ASCs on non-Medicare patients. A conservative count of 200 to 300 ASCs nationwide are performing TKAs. In proposing that this code, 27447, be removed from the IP-only list, CMS praised the "innovations² in TKA care [that] include minimally invasive techniques, improved perioperative anesthesia, alternative postoperative pain management,

Exhibit II—The Current State of Care Migration



Key Drivers

- Advancement of clinical technologies that allow smaller incisions and shorter stays, enabling higher-acuity cases to be performed safely in the ASC setting
- Medicare and commercial payor cost pressures
- Physician motivation finances and efficiency

Opportunities

Largest growth opportunities for ASCs:

- Total joints
- Laminectomies
- ACDFs
- Lumbar fusions
- Lap hernias
- Lap chelecystectomies
- Hysterectomies
- Cochlear implants

Surgeries that have moved to ASCs, with continued growth opportunities:

- Endoscopy
- ACLs
- Shoulder repairs
- Sinus surgery
- Retina
- Lithotripsy

and expedited rehabilitation protocols,” which made it possible for this procedure to be performed in the OP setting. CMS recognizes the benefits of performing TKAs in the OP setting, including “a likelihood of fewer complications, fewer surgical site infections, more rapid recovery, increased patient satisfaction, recovery at home with the assistance of family members, and a likelihood of overall improved outcomes.”

Commercial payors seem to agree. Since ASCs present savings opportunities, health plans are increasingly implementing policies that redirect volume out of

hospitals and into the ASC setting. In October of 2016, UnitedHealthcare announced a policy that prohibits designated OP surgery procedures from being performed in the HOPD setting without authorization. If these select procedures are performed in the HOPD without authorization, the HOPD will not be reimbursed and is not allowed to seek payment from the patient.³ ECG has also seen payor arrangements that directly reward physicians for aggressively moving cases away from hospitals and into ASCs.

IV

A Better Experience for Patients

Patients are also realizing the benefits of the shift to OP surgery.

Pricing Transparency and Consumer Demands

With the rise of high-deductible plans and health savings accounts, consumers are more price sensitive than ever, and demand for pricing transparency is on the rise. ASCs charge patients based on a flat fee for all surgical services, inclusive of supplies, incidentals, and often implants. Hospitals typically charge patients based on itemized fees for these items, frequently causing confusion. In some cases, we have evaluated HOPD charges for OP surgeries that are 5 to 10 times greater than those of a competing ASC. With increased pressure to be price competitive, HOPDs are being challenged and many must revisit their pricing methodologies or cede these cases to competitors.

Patient Experience and Quality

Patients have a strong preference for the convenience of OP facilities with easy parking, line of sight to the front door, and uncrowded spaces. In ASCs, nurse-to-patient ratios are higher—commonly at 2:1—often resulting in higher levels of patient satisfaction and quality of care. ASCs also have lower rates of nosocomial infection than other sites, and patients recover more quickly under the care of anesthesiologists who are highly skilled in OP cases.

² Centers for Medicare & Medicaid Services (CMS), HHS. CMS-1656-P. Fed. Reg. p315. July 14, 2016. [Available at <http://federalregister.gov/a/2016-16098>].

³ https://www.unitedhealthcareonline.com/ccmcontent/ProviderII/UHC/en-US/Assets/ProviderStaticFiles/ProviderStaticFilesPdf/News/October-Network-Bulletin-2016-PCA-1-003290-09082016_2016.pdf.

V

Physician Satisfaction and Alignment

The culture and philosophy of an ASC are often very appealing to surgeons (see **exhibit III**). ASCs offer increased efficiency in OR turnover time, effective management of block time scheduling, and employees with a positive, can-do attitude, creating high levels of employee and physician satisfaction. OR turnover time is normally far shorter than it is in hospitals, and on-time starts are the “rule” rather than the “exception.” For example, an average ASC OR turnover time may be 10 to 20 minutes for cases with general anesthesia (and less with a local anesthetic or sedation), while a hospital often requires 30 to 45 minutes or more. It is not uncommon for ASCs to enable surgeons to increase their case volume by 25% to 50% per day, which substantially benefits their productivity and professional

compensation. With physician compensation under siege across a variety of fronts, we expect this advantage to become even more important over time, even for health systems that employ surgeons.

Since physician investments in ASCs are allowed under federal regulation, surgeon equity in ASCs is the norm. While owning less than 100% of an ASC will reduce the financial return to the hospital and other investors, physician engagement in the volume and profitability of an ASC is critical to its success. Progressive health systems view shared ownership as an opportunity to integrate with hard-to-align surgical specialties such as orthopedics, gastroenterology, and otorhinolaryngology.

Exhibit III—ASC Culture and Philosophy**The Patient
as the Customer**

State licensure,
Medicare certification,
and accreditation =
quality assurance

Smaller setting = direct
access and communication
with leadership

Patient satisfaction
surveys: internally and
externally administered

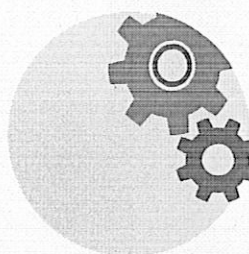
**The Physician
as the Customer**

Better control and
flexibility over scheduling

Flat organizational
structure

Efficiency

Involvement in purchasing
and expenditure

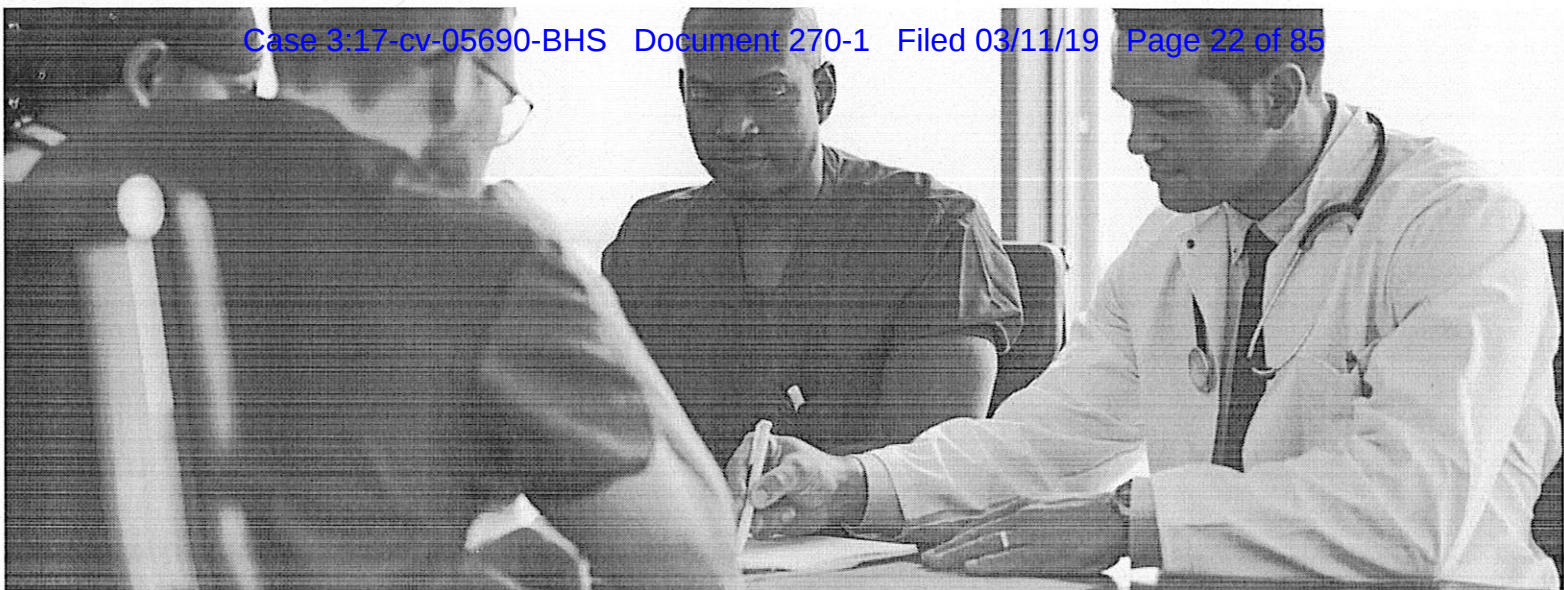
**Efficiency**

Turnaround times of
10 to 20 minutes
based on case types

On-time case starts
and block utilization
monitored and reported;
MEC and governing
body support

**Can-Do Attitude**

The ASC culture
is about “getting
it done” without
the bureaucracy in
hospitals that requires
multiple committees’
reviews and layers
of approvals



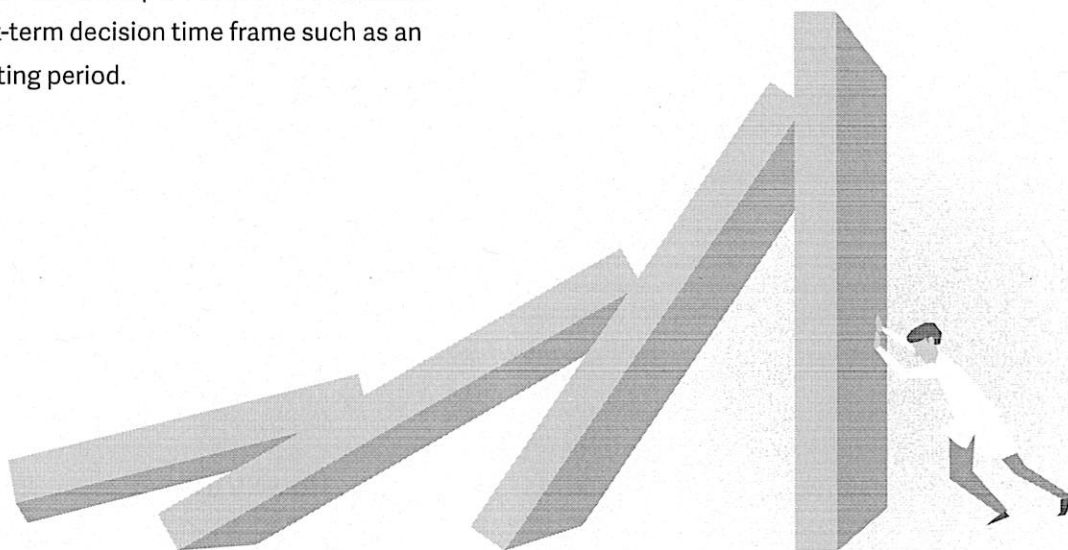
SURGERY CENTER STRATEGY: THREE HIGH-LEVEL OPTIONS TO CONSIDER

So what do you do when your core product—hospital-based surgery—is threatened by a combination of regulatory, financial, and competitive forces? We see three strategic options:

1. Hunker down

In this option, a hospital will resist the transition of surgical cases, relying on its brand power, physician loyalty, and potentially its influence with health plans to fight the battle with ASCs. Moves by surgeons or other competitors to transfer volumes to ASCs will be met with threats to hire competing physicians or direct referrals from employed physicians elsewhere. This option is appealing in the short term, since it enables maximum retention of hospital volume and revenue across a short-term decision time frame such as an annual budgeting period.

Prognosis: While satisfying in the short term, the hospital is susceptible to ongoing pressure from physicians, payors, and patients; it is also vulnerable to competition from a superior business model for surgery.



2. Manage the transition, limit the risk

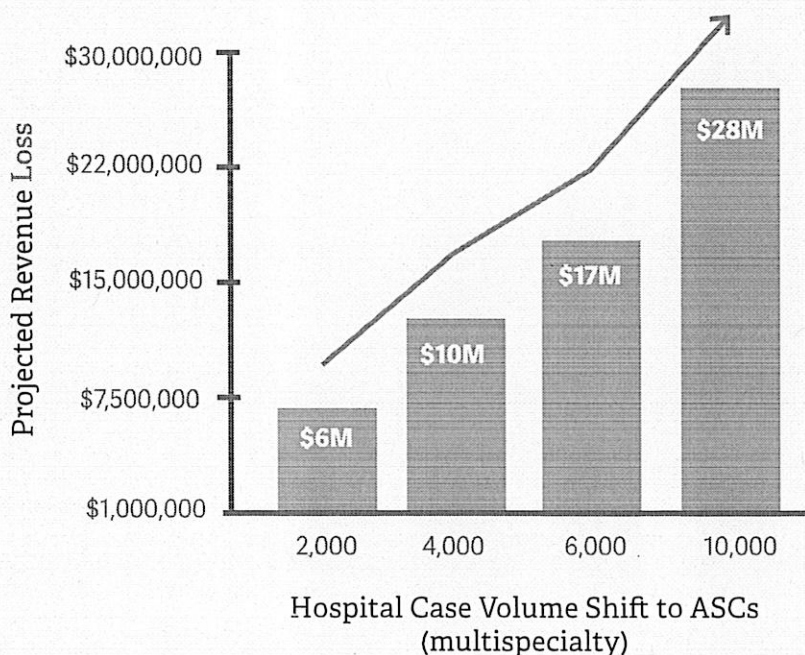
In this option, a hospital will pursue investments in ASCs but only when forced to do so and the risk of volume loss is imminent. Investment decisions will be made based on a calculus of ability to retain volumes in an HOPD setting and potential to backfill lost volumes (see **exhibit IV**).

Where the analysis dictates, tactically deciding to join an ASC joint venture will be preferred over potentially losing all volume. In these cases, sizing the ASC investment and managing which cases to transition will be critical variables for minimizing losses.

Prognosis: *While this option has the potential to optimize returns to the hospital, it also delays the building of core expertise in ambulatory surgery and leaves the hospital vulnerable to efficient new entrants.*

Exhibit IV—Risk Scenarios Tied to Case Volume Shift From Hospital to ASC

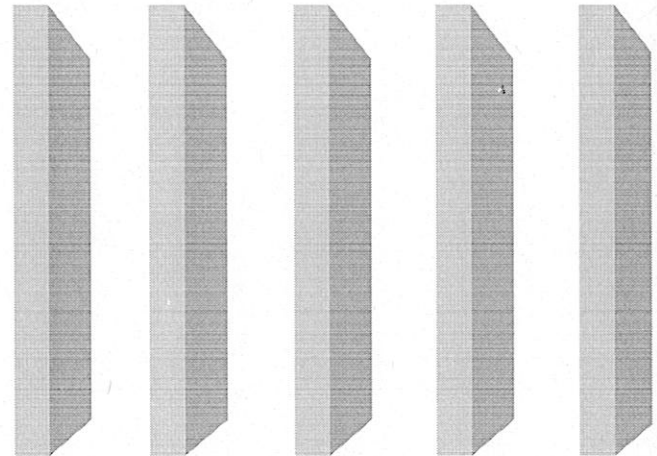
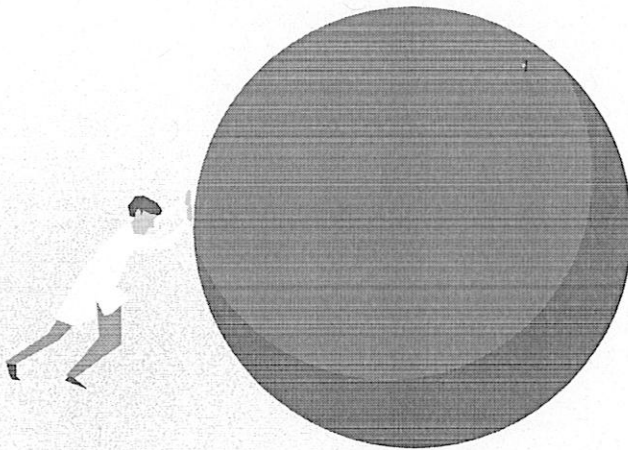
ECG recently developed a surgery strategy for a health system that considered current case volumes and specialty mix, the possibility of relaxed certificate-of-need regulations, and the cases a local medical group could plausibly move to a new ASC. We crafted a series of scenarios that illustrated the risk of various outcomes, including, at the extreme, the possibility of losing over \$30 million in revenue if all ASC-eligible cases left the system. Armed with this information, the system is evaluating the opportunity to approach the group with a limited-scope ASC joint venture that would meet the group's financial needs, promote physician-health system alignment, and retain critical high-margin services in the hospital.



3. Be a player in OP surgery— “disrupt yourself.”

In this option, the hospital aggressively pursues an ASC-based surgery strategy as a core business line, actively seeking to partner with existing centers and pursuing de novo sites where market conditions indicate. The health system makes a strategic decision to invest in ASCs similar to its commitments to other lines of business such as primary care, home health, or a health plan. A distinct ASC management structure is established with dedicated leadership, infrastructure, and business development functions. This strategy may be executed in partnership with a for-profit ASC management company or by hiring external expertise and seasoned surgery center operators.

Prognosis: This option is likely to produce short-term financial pain as volumes are aggressively channeled to partially owned centers, but if managed skillfully, it will lead the health system to superior long-term positioning in a value-based healthcare world.





FINAL THOUGHTS

The current payor environment, technological advances, movement of surgery from the hospital to the ASC setting, diminishing physician compensation, demand for physician alignment, and site-of-service payment neutrality all pose significant risk to hospitals and health systems that do not have a comprehensive ASC strategy. ASCs present a significant opportunity for hospitals to align with physicians, address value-based initiatives, and meet the demands from patients for cost-effective, high-quality care. We expect continued migration to the ASC setting, which indicates an ASC strategy is critical to the long-term success of hospitals and health systems.

the Authors



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For more insights from ECG, visit www.ecgmc.com/thought-leadership.

EXHIBIT E

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

Message

From: Dunn, Art (Tacoma) [/O=ORG/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DUNN, ART (TACOMA-IS)D9D]
Sent: 5/5/2016 3:50:37 PM
To: Cross, Robert [RobertCross@chifranciscan.org]
Subject: ASC article

Hi Bob:

Maybe we shouldn't be so quick to move surgeries to Harrison from TDC's ASC.

<http://www.beckershospitalreview.com/hospital-physician-relationships/why-hospitals-should-keep-their-friends-close-and-their-ascs-closer.html>

Thanks,

Art

Arthur Dunn
Project Manager
Strategic Planning

Suite 1000, 1145 Broadway Plaza, Tacoma, WA 98402 | MS 07-15
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EXHIBIT F

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
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NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT TACOMA

STATE OF WASHINGTON,)	
)	
Plaintiff,)	
)	
vs.)	
)	
FRANCISCAN HEALTH SYSTEM d/b/a)	No.
CHI FRANCISCAN HEALTH;)	3:17-cv-05690-BHS
FRANCISCAN MEDICAL GROUP;)	
THE DOCTORS CLINIC, a)	
Professional Corporation; and)	
WESTSOUND ORTHOPAEDICS, P.S.,)	
)	
Defendants.)	

VIDEO DEPOSITION UPON ORAL EXAMINATION
OF
THOMAS A. KRUSE

Office of the Attorney General
1250 Pacific Avenue
Tacoma, Washington

DATE: August 22, 2018

REPORTED BY: Cynthia A. Kennedy, RPR, CCR 3005

APPEARANCES

FOR THE PLAINTIFF:

ERICA A. KOSCHER, AAG
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FOR THE DEFENDANTS, FRANCISCAN HEALTH SYSTEM
d/b/a CHI FRANCISCAN HEALTH; FRANCISCAN MEDICAL
GROUP; and WESTSOUND ORTHOPAEDICS, P.S.:

MATTHEW C. HANS, ESQ.
Polsinelli PC
1000 Second Avenue, Suite 3500
Seattle, Washington 98104
(415) 248-2136
mhans@polsinelli.com

ALSO PRESENT:

MICHAEL TAKOS
Videographer

1 just told him that I was going into deposition so he
2 needed to stop texting me.

3 Q. Did you discuss anything about your
4 deposition testimony with Mr. Patel?

5 A. No.

6 Q. Outside of any documents that you may
7 have reviewed with counsel, did you review any
8 documents to prepare for today's deposition?

9 A. No.

10 Q. Do you currently work for Franciscan
11 Health System?

12 A. I do.

13 Q. What's your role there?

14 A. My role is senior vice president and
15 chief strategy, integration, and innovation officer.

16 Q. How long have you been in that role?

17 A. Since May of 2015.

18 Q. What are your duties as -- in the senior
19 vice president strategy, integration, and
20 innovation?

21 A. Broadly defined they're -- I'm the lead
22 for corporate strategy for our region and
23 responsible for system integration, so essentially
24 behaving as one cohesive regional system, and then
25 responsible for bringing transformation or

1 to ambulatory growth and development and service
2 lines primarily, as well as some -- the urgent cares
3 and some of the operational entities. Bob is
4 responsible for strategic planning and analytics for
5 the system as well as project management division.
6 And Cary Evans is responsible for communications and
7 government affairs. I'm sorry. Mara is also
8 responsible for marketing.

9 Q. Where were you prior to joining

10 Franciscan Health System in May 2015?

11 A. I was employed in Hackensack, New Jersey.

12 Q. Who did you work for there?

13 A. Hackensack University Medical Center.

14 Q. What was your role there?

15 A. Chief strategy officer.

16 Q. How long were you in that role?

17 A. From April 2011 until I went to

18 Franciscan.

19 Q. What brought you to Franciscan Health

20 System in May of 2015?

21 A. I was recruited to an open position by

22 Ketul Patel.

23 Q. What were your duties as chief strategy
24 officer in -- at Hackensack?

25 A. Responsible for corporate strategy and

1 A. They did.

2 Q. Were there any groups that joined
3 Harrison Health Partners during your time that did
4 not become employed physicians?

5 A. No. Harrison Health Partners didn't have
6 a nonemployed model.

7 Q. Why did you leave Harrison to go to
8 Hackensack in New Jersey?

9 A. I had a better opportunity presented to
10 me.

11 Q. Where were you before Harrison in 2007?

12 A. I was at Methodist Hospitals in Gary and
13 Merrillville, Indiana.

14 Q. What was your role there?

15 A. Chief strategy officer. Getting a little
16 repetitive by now.

17 Q. And how long were you in that role?

18 A. From 2000 -- late 2003 until I went to
19 Harrison in 2007.

20 Q. And prior to that, where were you?

21 A. I was at Sharp HealthCare in San Diego.

22 Q. What was your role there?

23 A. I was manager of strategic planning.

24 Q. And how long was that?

25 A. From early 2002 to late 2003.

1 it's an eight-year-old document seemingly authored
2 by an entity that's not a defendant in this case in
3 either way. If you could just give me that
4 continuing objection that would save me from
5 interrupting as we go forward.

6 MS. KOSCHER: Yes. I'll understand
7 your continuing objection.

8 And I'll also state just for a
9 clarification matter the -- there's a cover sheet to
10 Exhibit 523 which has the Bates numbers under which
11 this document was produced by the state to the
12 defendants in the matter. Those Bates numbered
13 aren't on the actual pages of the document --

14 MR. HANS: Right.

15 MS. KOSCHER: -- for technical glitch
16 reasons.

17 MR. HANS: Right.

18 THE WITNESS: I don't need to know
19 what that means, right.

20 MR. HANS: No.

21 THE WITNESS: Okay.

22 BY MS. KOSCHER:

23 Q. Do you recognize this document?

24 A. I do.

25 Q. What is this document?

1 A. This document is the paper handout that
2 accompanied a in-person board retreat while at
3 Harrison Medical Center.

4 Q. Did you attend this board retreat?

5 A. I did.

6 Q. And looking at the first page of this
7 document, it says "Tom."

8 Did you write that?

9 A. Yes.

10 Q. Was this your copy of that handout, do
11 you think?

12 A. Presumably so because that is what I
13 typically do on my copy is I write just like that on
14 everything, so...

15 Q. Does this appear to be a true and
16 accurate copy of that handout from the May 2010
17 board retreat?

18 A. As I recall, yeah.

19 Q. Who was at this board retreat generally?

20 A. Generally it would be the seniors
21 executive team and the board of directors.

22 Q. And did you participate in some or all of
23 this particular presentation?

24 A. Yes.

25 Q. And who was that presentation made to?

1 A. The board.

2 Q. Did you prepare some of the slides that
3 were in this slide deck?

4 A. Yes.

5 Q. Was anyone outside of the Harrison board
6 at that presentation?

7 A. Not that I recall.

8 Q. You can set that document aside.

9 A. One matter of clarification. I have no
10 way of knowing if this is the final version of this
11 document or if the final document was edited before
12 because I didn't submit it, and I created it. And
13 this document as you can see by the bottom was
14 never -- was distributed and copied and recollected
15 to 16 members. There were no there -- were no
16 stamped leave-behind copies.

17 Q. I'm sorry. Can you explain what you're
18 meaning by the process of distributed and
19 recollected?

20 A. This document was distributed for the
21 purposes of facilitating a discussion at a -- at a
22 retreat where -- that I believed was a closed
23 council at present conversation. That's why
24 materials were distributed for conversation and
25 recollected at the end. There were no copies

EXHIBIT G

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

The Honorable Benjamin H. Settle

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA**

STATE OF WASHINGTON,

Plaintiff,

vs.

FRANCISCAN HEALTH SYSTEM d/b/a
CHI FRANCISCAN HEALTH; FRANCISCAN
MEDICAL GROUP; THE DOCTORS CLINIC,
a Professional Corporation; and WESTSOUND
ORTHOPAEDICS, P.S.,

Defendants.

No. 3:17-cv-05690-BHS

**DEFENDANTS FRANCISCAN HEALTH
SYSTEM AND FRANCISCAN
MEDICAL GROUP'S SUPPLEMENTAL
INITIAL DISCLOSURES PURSUANT
TO FED. R. CIV. P. 26(a)(1)**

Pursuant to Fed. R. Civ. P. 26(a)(1), Defendants Franciscan Health System ("FHS") and Franciscan Medical Group ("FMG") (together, "Franciscan") hereby supplement their initial disclosures. FHS and FMG make these disclosures without waiving any protected attorney work product, including mental impressions, conclusions, opinions or legal theories of its attorneys or other representatives in this litigation.

FHS and FMG reserve the right to further supplement or amend these disclosures, including pursuant to Fed. R. Civ. P. 26(e), after learning more about the nature and details of Plaintiff's allegations and legal claims.

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DEFENDANTS FRANCISCAN HEALTH SYSTEM AND
FRANCISCAN MEDICAL GROUP'S SUPPLEMENTAL
INITIAL DISCLOSURES – 1
No. 3:17-cv-05690-BHS

64541612.5

I. INDIVIDUALS LIKELY TO HAVE DISCOVERABLE INFORMATION THAT DEFENDANTS MAY USE TO SUPPORT DEFENSES AND COUNTERCLAIMS

Pursuant to Fed. R. Civ. P. 26(1)(A)(i), FHS and FMG disclose the following individuals likely to have discoverable information that may be used to support Defendants' defenses and counterclaims. FHS and FMG reserve the right to further supplement or amend these disclosures, including as provided by Fed. R. Civ. P. 26(e). The following disclosures do not include persons whose testimony is likely to be used solely for impeachment, rebuttal, or expert witness testimony, who will be disclosed in accordance with the schedule set by the Court.

Name	Contact Information	Subjects of Information
Representative of Premera Blue Cross	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.
Representative of Aetna, Inc.	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.

Name	Contact Information	Subjects of Information
Representative of Cambia Health Solutions	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.
Representative of Kaiser Foundation Health Plan of Washington	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.
Representative of United Healthcare	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.
Representative of Cigna Health Insurance	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.

Name	Contact Information	Subjects of Information
Representative of Regence Blue Shield	To be determined through discovery	The extent to which payers view Franciscan and TDC to be a single economic entity in negotiations over pricing and other contract terms; the relevant geographic market in this case; negotiation between Franciscan and payers before and after the Kitsap Transactions; the competitive effects of the Kitsap Transactions.
Representative of HealthTrust Purchasing Group, L.P.	c/o Steve Anderson Anderson & Reynolds PLC 120 30th Avenue North Nashville, TN 37203 Tel: 615-942-1700 sanderson@andersonreynolds.com	TDC's and WSO's access to the HealthTrust Purchasing Group.
Representative of Swedish Medical Center	To be determined through discovery	The use of PSAs by hospital systems; whether hospitals view PSAs as the functional equivalent of employment; healthcare providers' plans to enter and/or expand their presence in and around the Kitsap area; the relevant geographic market in this case; the degree to which providers in Seattle, Tacoma, and elsewhere compete for patients and referrals in the Kitsap area; the degree to which patients residing in the Kitsap area are willing to travel to see healthcare providers in Seattle, Tacoma, and elsewhere; compensation of physicians in and around the Kitsap area; efforts to recruit and retain physicians in the Kitsap area.

Name	Contact Information	Subjects of Information
Representative of Providence	To be determined through discovery	The use of PSAs by hospital systems; whether hospitals view PSAs as the functional equivalent of employment; healthcare providers' plans to enter and/or expand their presence in and around the Kitsap area; the relevant geographic market in this case; the degree to which providers in Seattle, Tacoma, and elsewhere compete for patients and referrals in the Kitsap area; the degree to which patients residing in the Kitsap area are willing to travel to see healthcare providers in Seattle, Tacoma, and elsewhere; compensation of physicians in and around the Kitsap area; efforts to recruit and retain physicians in the Kitsap area.
Representative of Multicare	To be determined through discovery	The use of PSAs by hospital systems; whether hospitals view PSAs as the functional equivalent of employment; healthcare providers' plans to enter and/or expand their presence in and around the Kitsap area; the relevant geographic market in this case; the degree to which providers in Seattle, Tacoma, and elsewhere compete for patients and referrals in the Kitsap area; the degree to which patients residing in the Kitsap area are willing to travel to see healthcare providers in Seattle, Tacoma, and elsewhere; compensation of physicians in and around the Kitsap area; efforts to recruit and retain physicians in the Kitsap area.

Name	Contact Information	Subjects of Information
Peter O'Connor, Chief Operating Officer, Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Franciscan's efforts to recruit and retain physicians in the Kitsap area; Franciscan's role in setting the operating budget for TDC; the compensation of Franciscan and TDC doctors; Franciscan's perception of the financial positions of TDC and WSO prior to the Kitsap Transactions; Franciscan's reasons for entering into the Kitsap Transactions; quality and efficiency improvements resulting from the Kitsap Transactions.
Dhyhan Lal, VP of Network Strategy and Contracting, CHI Franciscan Health	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Franciscan's negotiation with payers; the terms of Franciscan's contracts with payers; Franciscan's plans to enter into value-based contracts with payers; Franciscan's willingness to accommodate payer concerns about the financial impact of the Kitsap Transactions; the effect of the Kitsap Transactions on Franciscan's negotiations with payers.

Name	Contact Information	Subjects of Information
David Schultz, Market President, Peninsula Region, CHI Franciscan Health	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	The rationale for the Kitsap Transactions; the structure of the Kitsap Transactions; the financial position of TDC and WSO leading up to the Kitsap Transactions; WSO's consideration of other transaction options before its transaction with Franciscan; the compensation of TDC and WSO doctors under the terms of Kitsap Transactions; improvements in efficiency and utilization resulting from the Kitsap Transactions; Franciscan's assumption of financial risk for TDC and WSO through the Kitsap Transactions; the effect of ERDs on TDC physicians' practices.
Michael Fitzgerald, Chief Financial Officer, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	The financial terms of the Kitsap Transactions; improvements in efficiency, quality, and utilization resulting from the Kitsap Transactions; the negotiation of the Kitsap Transactions; the business reasons for the Kitsap Transactions; Franciscan's perception of the financial positions of TDC and WSO prior to the Kitsap Transactions; TDC's consideration of other transaction options before its transaction with Franciscan; competition between providers in the Kitsap area and providers in Seattle, Tacoma, and elsewhere.
Matt Wheelus, Chief Operating Officer, Harrison Medical Center	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Franciscan's operational performance meetings with TDC physicians.

Name	Contact Information	Subjects of Information
Linda Guay, Associate VP of Laboratory Services, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Efforts to improve access to electronic records generated by TDC's laboratory.
Tracy Bradfield, Division Director of Laboratory Services, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Efforts to improve access to electronic records generated by TDC's laboratory.
Dr. Dean Field, Vice President of Informatics & Operations, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Franciscan's electronic medical records systems.
Jay Bohrer, Executive Director, Harrison Health Partners	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	TDC physicians' access to Franciscan's medical recordkeeping system.
Anthony Dorsch, VP of Operations and Finance, Franciscan Medical Group	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Integration between TDC and Franciscan; the payer mix for services performed by TDC and FMG physicians.
Bob Cross, Vice President, Strategic Growth and Development, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Negotiation of the 2016 agreements between Franciscan and TDC and WSO.

Name	Contact Information	Subjects of Information
Thomas A. Kruse, Chief Strategy, Integration and Innovation Officer, Franciscan Health System	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Negotiation of the 2016 agreements between Franciscan and TDC and WSO; Franciscan's reasons for structuring TDC acquisition as a PSA; changes to TDC's payer mix post-transaction; the effects of the transaction on physician recruitment and retention; the likely consequences for the provision of healthcare in the Kitsap area had the Kitsap Transactions not occurred; efficiencies and synergies resulting from the Kitsap Transactions.
Dr. Michael Marshall, President and Chief Medical Officer, Franciscan Medical Group	c/o Mitchell D. Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	Negotiation of the 2016 agreements between Franciscan and TDC and WSO.
Jay Burghart, Executive Director, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's financial and physician retention challenges leading up to the transaction with Franciscan; TDC's decision to pursue a PSA model with Franciscan; TDC's efforts to recruit and retain physicians; compensation of TDC's physicians; the payer mix for services performed by TDC before and after the transaction with Franciscan; TDC's financial and operational performance before and after the transaction with Franciscan.

Name	Contact Information	Subjects of Information
Brian Chandler, Chief Financial Officer, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's financial and physician retention challenges leading up to the transaction with Franciscan; TDC's decision to pursue a PSA model with Franciscan; TDC's efforts to recruit and retain physicians; compensation of TDC's physicians; the payer mix for services performed by TDC before and after the transaction with Franciscan; TDC's financial and operational performance before and after the transaction with Franciscan.
Randall Moeller, President, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	Integration between TDC and Franciscan; TDC's financial and physician retention challenges leading up to the transaction with Franciscan; TDC's decision to pursue a PSA model with Franciscan; TDC's efforts to recruit and retain physicians; compensation of TDC's physicians; TDC's electronic health record.
Gregory Hoisington, Chief Medical Officer, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's financial and physician retention challenges leading up to the transaction with Franciscan; TDC's decision to pursue a PSA model with Franciscan; TDC's efforts to recruit and retain physicians; compensation of TDC's physicians; TDC's electronic health record.
Jeff Goddard, Information Technology Manager, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's information technology systems before and after TDC became part of the Franciscan system.

Name	Contact Information	Subjects of Information
Bradley T. Anderson, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Kittredge Baldwin, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Arunas Banionis, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
John Banzer, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
James Bates, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Jack Birnbaum, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Yoon Cho, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Jenny Chow, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Glen Christen, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Kelli Chung, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Tiffin Clegg, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
John Corrales-Diaz, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Erin Dawson, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Angela Diamond, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Sally Fleischman, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Joel Frazier, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Daniel Frum, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Todd Garvin, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Karl Hadley, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
William Hall, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Syeda Hamadani, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Christina Hardaway, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Frank Haydu, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Michael Hegewald, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Jenifer Henderson, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Margaret Jain, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Matthew Johnson, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Craig Karr, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Daniel Keech, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Timothy Kennedy, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Kurt Klusmann, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Ben Kuharich, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Uyen Lee, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Amy Li, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Melissa Lo, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Roger Ludwig, Jr., physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Michael McCord, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Julie McMillan, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Jonathan Mendelsohn, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Rajeev Misra, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Marc Mitchell, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Adam Norwood, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Young-ki Paik, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Ingela Pezzolesi, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Wendy Pierce, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Christopher Rankin, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Scott Reichard, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Preston Rice, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Spencer Root, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Robert Rubenstein, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Lynn Sudduth, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Robert Sudduth, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Oanh Truong, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
John West, physician, The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Marina Cheng, former physician of The Doctors Clinic	149 Lilly Rd. NE Olympia, WA 98506	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Jeffrey Bernstein, former physician of The Doctors Clinic	1145 Broadway Seattle, WA 98122	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Mark Hainer, former physician of The Doctors Clinic	7218 Tobermory Circle SW Port Orchard, WA 98367	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Dr. Stephen Reichly, former physician of The Doctors Clinic	598 Paulson Road NE Poulsbo, WA 98370	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Peter Lehman, former physician of The Doctors Clinic	19319 7th Ave. NE, #114 Poulsbo, WA 98370	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Andrea Chymiy, former physician of The Doctors Clinic	19980 10th Ave. NE, #202 Poulsbo, WA 98370	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Marie Matty, former physician of The Doctors Clinic	19980 10th Ave. NE, #202 Poulsbo, WA 98370	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Charles Nelson, former physician of The Doctors Clinic	945 Hildebrand Ln., #100 Bainbridge Island, WA 98110	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Robert Hurlow, former physician of The Doctors Clinic	945 Hildebrand Ln., #100 Bainbridge Island, WA 98110	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Maureen Koval, former physician of The Doctors Clinic	945 Hildebrand Ln., #100 Bainbridge Island, WA 98110	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Thomas Monk, former physician of The Doctors Clinic	945 Hildebrand Ln., #100 Bainbridge Island, WA 98110	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Sarah Rice, former physician of The Doctors Clinic	945 Hildebrand Ln., #100 Bainbridge Island, WA 98110	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Diana Levinsohn, former physician of The Doctors Clinic	19917 7th Ave. NE, #203 Poulsbo, WA 98370	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Nels Sampatacos, former physician of The Doctors Clinic	904 7th Avenue Seattle, WA 98104	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Dr. Amrit Sandhu, former physician of The Doctors Clinic	16850 SE 272nd St., Ste. 100 Covington, WA, 98042	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Patricia Burkhardt, former physician of The Doctors Clinic, currently Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. David Chang, former physician of The Doctors Clinic	965 Wilson Blvd. El Dorado, CA 95762	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Jacob Hodge, former physician of The Doctors Clinic	4801 West 81 st St., Suite 108 Bloomington, MN 55437	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Ravindra Ganesh, former physician of The Doctors Clinic	Mayo Clinic 600 Hennepin Ave. Minneapolis, MN 55403	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Brian Wicks, former physician of The Doctors Clinic	c/o Doug Ross Davis Wright Tremaine LLP 1201 Third Avenue, Suite 2200 Seattle, WA 98101-3045 Tel: 206-622-3150 douglasross@dwt.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Mary Maier, former physician of The Doctors Clinic	9495 SW Locust St., Suite A Portland, OR 97223	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Todd Jones, former physician of The Doctors Clinic, currently Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.
Dr. Courtenay Havers, former physician of The Doctors Clinic, currently Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	TDC's ability to recruit and retain physicians; recruitment and retention of physicians in the Kitsap area generally.

Name	Contact Information	Subjects of Information
Dr. Gregory Duff, Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.
Dr. Dawson Brown, Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.
Dr. Brad Watters, Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.
Dr. Kenneth R. Koskella Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.

Name	Contact Information	Subjects of Information
Dr. Erin P. Moyer Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.
Dr. Stacey M. Kessinger Member of WestSound Orthopaedics, Employee of Franciscan Medical Group	c/o Mitchell Raup Polsinelli PC 1401 Eye Street NW Washington, DC 20005 Tel: 202-626-8352 mraup@polsinelli.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction; WSO's consideration and exploration of alternatives to the WSO transaction; the negotiations of the WSO Transaction with Franciscan; impact of this lawsuit on orthopedic care in the Kitsap area.
Megan McDermaid, Business Manager prior to the WSO Transaction	19436 Willet Lane NE Poulsbo, WA 98370 Tel: 360-649-4244	WSO's financial situation prior to the WSO Transaction.
Larry Hurley, former Accountant, WestSound Orthopaedics	Larry@hearthstonecpa.com	WSO's financial situation prior to the WSO Transaction.
Joan Ballough, former Consultant, WestSound Orthopaedics	Tel: 206-213-0090 Joan@IntegraAssociates.com	WSO's financial situation prior to the WSO Transaction; WSO's negotiations with payers prior to the WSO Transaction.
John Wallen, DiMartino Associates	1501 Fourth Ave., Suite 2400 Seattle WA 98101	Impact of the transactions; purchasing behavior related to commercial health insurance.

Defendants FHS and FMG hereby incorporate, as though set forth in full herein, all witnesses identified by Plaintiff and by Defendants TDC and WSO, in those parties' respective Fed. R. Civ. P. 26 disclosures. Defendants FHS and FMG reserve the right to identify and call as

1 a witness at trial any witness identified by Plaintiff, TDC, or WSO, or otherwise discovered and
2 identified as discovery progresses.

3 **II. DESCRIPTION OF DOCUMENTS AND THINGS IN DEFENDANTS'**
4 **POSSESSION, CUSTODY, OR CONTROL THAT MAY BE USED TO SUPPORT**
5 **DEFENSES AND COUNTERCLAIMS**

6 Pursuant to Fed. R. Civ. P. 26(a)(1)(A)(ii), FHS and FMG hereby disclose the following
7 documents and things in their possession, custody, or control that they may use to support their
8 defenses and counterclaims. FHS and FMG reserve the right to further supplement and/or amend
9 these disclosures as provided under Fed. R. Civ. P. 26(e). The following disclosures do not
10 include documents and things that are likely to be offered solely for impeachment:

11 1. The documents produced by Defendants Franciscan, TDC, and WSO in response
12 to CIDs issued by the State of Washington in its investigation of the Kitsap Transactions.

13 2. The written agreements between Franciscan and TDC and WSO that memorialize
14 the terms of the Kitsap Transactions.

15 3. The files and e-mail correspondence of the witnesses identified in the previous
16 section.

17 4. Documents and data relating to outmigration of patients from Kitsap County,
18 including to providers in King and Pierce Counties.

19 5. Documents relating to the financial condition of TDC and WSO before and after
20 the Kitsap Transactions.

21 6. Documents relating to alternatives to the Kitsap Transactions.

22 7. Documents relating to the effects of the Kitsap Transactions on quality, efficiency
23 and cost of care.

24 8. Documents relating to the effect of the Kitsap Transactions on Franciscan's
25 ability to open a new hospital in Kitsap County.

26 9. Franciscan's correspondence with payers regarding the Kitsap Transaction.
27

10. Documents reflecting meetings between TDC and Franciscan regarding integration efforts.

III. COMPUTATION OF ANY CATEGORY OF DAMAGES CLAIMED BY DEFENDANTS AND DISCLOSURES OF SUPPORTING DOCUMENTS

FHS and FMG make no claim for damages in this action.

IV. INSURANCE AGREEMENT

FHS and FMG have no insurance agreement that may satisfy all or part of a possible judgment in this action.

V. RESERVATION OF RIGHTS

FHS and FMG reserve the right to further supplement or amend these disclosures as provided by Fed. R. Civ. P. 26(e) and to object to the admissibility of any document or statement herein or in Plaintiff's initial disclosures on all bases set forth in the Federal Rules of Civil Procedure, Federal Rules of Evidence, and governing law.

DATED this 14th day of August, 2018.

Respectfully submitted,

/s/ Jessica M. Andrade

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*Attorneys for Defendants Franciscan Health System
d/b/a Chi Franciscan Health, Franciscan Medical
Group, and WestSound Orthopaedics, P.S.*

CERTIFICATE OF SERVICE

I hereby certify that on August 14, 2018, I caused the foregoing document to be served on the following counsel of record via e-mail:

Counsel for Plaintiff State of Washington:

- Stephen T. Fairchild — stephenf2@atg.wa.gov
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Counsel for Defendant The Doctors Clinic:

- Douglas C. Ross — douglasross@dwt.com
- David Maas — davidmaas@dwt.com

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 14th day of August, 2018, at Seattle, Washington.

/s/ Jessica M. Andrade

Jessica M. Andrade, WSBA No. 39297

EXHIBIT H

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT TACOMA

STATE OF WASHINGTON,)	
)	
Plaintiff,)	
)	
vs.)	
)	
FRANCISCAN HEALTH SYSTEM d/b/a)	No.
CHI FRANCISCAN HEALTH;)	3:17-cv-05690-BHS
FRANCISCAN MEDICAL GROUP;)	
THE DOCTORS CLINIC, a)	
Professional Corporation; and)	
WESTSOUND ORTHOPAEDICS, P.S.,)	
)	
Defendants.)	

VIDEO DEPOSITION UPON ORAL EXAMINATION
OF
JONATHAN MENDELSON, M.D.

9550 Silverdale Way
Silverdale, Washington

DATE: October 2, 2018

REPORTED BY: Cynthia A. Kennedy, RPR, CCR 3005

APPEARANCES

FOR THE PLAINTIFF:

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ALSO PRESENT:

MICHAEL TAKOS
Videographer

1 you understand that to mean Franciscan Medical
2 Group?

3 A. Yes.

4 Q. Okay. Aside from any traffic offenses,
5 have you ever been convicted of a criminal offense?

6 A. No.

7 Q. And what is your current role at The
8 Doctors Clinic or TDC?

9 A. I'm a family medicine physician and the
10 quality improvement and EHR director.

11 Q. And when did you start at The Doctors
12 Clinic as a family physician?

13 A. I believe September 2013.

14 Q. And when did you start in the capacity as
15 TDC's quality and EHR director?

16 A. Approximately February 2018.

17 (Whereupon Exhibit 711 was
18 marked for the record.)

19 Q. Dr. Mendelsohn, you've been handed a
20 document marked Exhibit 711, which appears to be
21 your LinkedIn profile.

22 Is that an accurate assessment?

23 A. Yes.

24 Q. Directing your attention to the section
25 on educational background, does that accurately

1 well on a scorecard, I understand you're still
2 working out what the follow-up will be. Has any
3 consideration been given to financial penalties?

4 A. Has not been discussed, to my knowledge.

5 Q. Any discussion been given to termination?

6 A. Not discussed.

7 Q. Okay. Does TDC measure patient
8 experience in any way?

9 A. I believe that part of the -- one of the
10 components of the MIPS APM is to do some kind of
11 patient survey. That has not been part of my work
12 in the last eight months in this position.

13 Q. Okay. Is one of the measures that was
14 selected for measurement in this quality roll-out
15 that you're working on depression?

16 A. Yes.

17 Q. And blood pressure measurement?

18 A. Yes.

19 Q. And colonoscopies?

20 A. Yes.

21 Q. So I think we discussed that you became a
22 shareholder at TDC in January 2017; is that right?

23 A. I think later.

24 Q. Later?

25 A. April-ish.

1 Q. April 2017? Okay.

2 And are you still a shareholder at

3 TDC today?

4 A. Yes.

5 Q. Are you also a member of the TDC board?

6 A. No.

7 Q. Who -- is the TDC board made up of a
8 subsection of TDC shareholders?

9 A. Yes.

10 Q. Are there any outside directors on the
11 TDC board?

12 A. No.

13 Q. How -- how does a person end up on the
14 TDC board?

15 A. When there's an opening -- I believe the
16 terms are two to three years in length. I'm not
17 sure. When there's an opening, it's announced. And
18 shareholders can throw their name in the ring and
19 run, quote, unquote, for a position.

20 Q. What type of decisions are required to go
21 to the TDC board to decide?

22 A. I don't know if it can be answered
23 simply. I would expect major decisions.

24 Q. Is it described in TDC's bylaws by chance
25 or...

EXHIBIT I

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

ATTORNEY GENERAL OF WASHINGTON
Antitrust Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104
206.464.7744

Karl Hadley, M.D.

June 19, 2018

Page 1

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT TACOMA

STATE OF WASHINGTON,)	
)	
Plaintiff,)	
)	
vs.)	
)	
FRANCISCAN HEALTH SYSTEM d/b/a)	No.
CHI FRANCISCAN HEALTH;)	3:17-cv-05690-BHS
FRANCISCAN MEDICAL GROUP;)	
THE DOCTORS CLINIC, a)	
Professional Corporation; and)	
WESTSOUND ORTHOPAEDICS, P.S.,)	
)	
Defendants.)	

VIDEO DEPOSITION UPON ORAL EXAMINATION
OF
KARL HADLEY, M.D.

Best Western Silverdale Beach Hotel
3037 NW Bucklin Hill Road
Silverdale, Washington

DATE: June 19, 2018

REPORTED BY: Cynthia A. Kennedy, RPR, CCR 3005

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21 ALSO PRESENT:

22 MICHAEL TAKOS
Videographer
23
24
25

1 Q. And when did you conclude your residency?

2 A. 1982.

3 Q. Did you do any fellowships or additional
4 training after residency?

5 A. Nothing more than the continuing medical
6 education.

7 Q. What is your specialty as a physician?

8 A. Family practice.

9 Q. When did you join TDC?

10 A. 1982.

11 Q. Have you been at TDC since that time?

12 A. Yes.

13 Q. So is it correct that you joined TDC
14 directly after your residency?

15 A. Yes.

16 Q. Did you first join as an employed
17 physician?

18 A. Yes.

19 Q. Did you later become a shareholder?

20 A. Yes.

21 Q. When was that?

22 A. 1983.

23 Q. Why did you choose to join TDC?

24 A. I -- at first I didn't want to join a
25 multispecialty clinic. I was pretty apprehensive

1 To your knowledge, did that change in
2 any way after the affiliation?

3 A. No.

4 Q. Do you participate in any other
5 committees at The Doctors Clinic?

6 A. I've been involved in the past with the
7 income distribution committee. And I'm the lab
8 director for the organization. That's not a
9 committee though.

10 Q. When did you serve on the income
11 distribution committee?

12 A. Probably about three or four times. They
13 would usually meet for about two to three months and
14 almost annually or every other year between the
15 years of probably 2012 to 2016 or 2017.

16 Q. What was your role on the income
17 distribution committee?

18 A. I was committee chairman.

19 Q. And is this also referred to as the IDP
20 committee?

21 A. Yes.

22 Q. What is the task or work of the IDP
23 committee?

24 A. That's a good question. Usually it's to
25 make everybody unhappy with the distribution of

EXHIBIT J

DECLARATION OF TRAVIS KENNEDY IN
SUPPORT OF THE STATE OF
WASHINGTON'S OPPOSITION TO
DEFENDANTS' MOTIONS IN LIMINE
NO. 3:17-cv-05690-BHS

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Tracy Bradfield

July 30, 2018

Page 1

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT TACOMA

STATE OF WASHINGTON,)	
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Plaintiff,)	
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CHI FRANCISCAN HEALTH;)	3:17-cv-05690-BHS
FRANCISCAN MEDICAL GROUP;)	
THE DOCTORS CLINIC, a)	
Professional Corporation; and)	
WESTSOUND ORTHOPAEDICS, P.S.,)	
)	
Defendants.)	

VIDEO DEPOSITION UPON ORAL EXAMINATION
OF
TRACY BRADFIELD

Office of the Attorney General
1250 Pacific Avenue
Tacoma, Washington

DATE: July 30, 2018

REPORTED BY: Cynthia A. Kennedy, RPR, CCR 3005

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18 ALSO PRESENT:

19 PATRICK NORTON
20 Videographer
21

20

21

22

23

24

25

1 Q. 2000?

2 A. Uh-huh.

3 Q. Did you get a nursing degree?

4 A. I didn't, no.

5 Q. Okay. And how long did you stay at

6 Dynacare?

7 A. Dynacare was bought by LabCorp in, you
8 know, 2003 or thereabouts, and then I left, I think,
9 in 2007.

10 Q. And where did you go in 2007?

11 A. Group Health.

12 Q. And how long did you stay there?

13 A. Three years.

14 Q. Okay.

15 A. Four, maybe. Three to four.

16 Q. And what -- in general, what were your
17 roles there at Group Health?

18 A. I was a laboratory manager. So for
19 Dynacare and LabCorp, I was the microbiology
20 manager. And then at Group Health, I started off as
21 the clinic laboratory manager at Tacoma here, and
22 then I transferred up to Capitol Hill in Seattle.

23 Q. And then after Group Health, where did
24 you go?

25 A. Harrison Medical Center.

1 Q. Okay.

2 A. Lab director.

3 Q. And was that in 2011?

4 A. It was. April 25th.

5 Q. And where are you physically located at
6 Harrison Medical Center?

7 A. So right now, I've actually become the
8 division director for CHI Franciscan for laboratory
9 services.

10 Q. Congratulations.

11 A. Thank you.

12 So now I -- I have an office in
13 Tacoma, and I also try to get out to Harrison
14 Medical Center once or twice a week, so I sort of
15 have two offices. But back when I joined, my office
16 was in Bremerton, and I was over the -- all of the
17 laboratory locations for the hospital, so that
18 excluded oncology. So there's two hospitals sites:
19 Harrison Bremerton, Harrison Silverdale. And then
20 we opened a small lab at the Bainbridge Island
21 Urgent Care Clinic. And then we operate some draw
22 sites at some of our primary care, specialty care
23 clinics, and those folks report up to me also --

24 Q. Okay.

25 A. -- through their supervisors.

1 thing that you mentioned was processes. What --
2 what processes changed?

3 A. I guess that -- that's the -- the system
4 processes --

5 Q. Okay.

6 A. -- yeah. When your systems change, so do
7 your processes.

8 Q. Okay. And now that -- with your
9 promotion in March of this year, do you continue to
10 report to Linda Guay?

11 A. The reason I have this promotion is
12 because Linda left the organization.

13 Q. Okay. So who do you currently report to?
14 Is there somebody above you?

15 A. David Schultz.

16 Q. And while Ms. Guay was at Franciscan, did
17 she also report to David Schultz?

18 A. Yes.

19 Q. Okay. Thinking about the time period
20 between when HMC merged with the Franciscan system
21 and up to the time that you received your promotion
22 in March of this year, did you supervise anybody?

23 A. I've supervised people the whole time,
24 yes.

25 Q. About how many people?

1 A. Directly, you mean?

2 Q. (Nods head up and down.)

3 A. Well, before I got my promotion, I
4 directly managed 7 people, and now I have like 25
5 direct reports.

6 Q. Thinking about that earlier time when you
7 were managing seven people, what did -- did the
8 people focus on different subspecialties within the
9 lab?

10 A. Yeah. Some people managed the
11 pre-analytical side of things, so the phlebotomists.
12 One person managed them. And then we had a couple
13 of folks managing the technical aspects, so that's
14 the laboratory testing side. And we have a
15 point-of-care division -- or -- yeah, department, I
16 guess. And we have a coordinator over point of
17 care. She reported to me. We had a quality
18 coordinator to make sure that we're meeting all of
19 the regulatory requirements. I had an
20 administrative assistant that reported to me. I
21 think that's everybody.

22 Q. And now that it -- your direct reports
23 have expanded to 25 people, who are the additional
24 categories of people that report to you?

25 A. A lot of them are not new categories.

1 They're the lab managers at the other hospital
2 sites, and transfusion pre-medicine falls under me
3 now. So I have -- right now, they don't have a
4 manager, so there's nurses that are reporting
5 directly to me.

6 Q. And when you mentioned at the other
7 hospital sites, where geographically are those
8 located?

9 A. So Highline in Burien, St. Francis in
10 Federal Way, St. Elizabeth in Enumclaw, St. Clare in
11 Lakewood, St. Anthony in Gig Harbor, and then the --
12 the Harrison sites I mentioned already.

13 Q. Okay.

14 A. And St. Joe's, of course, naturally.
15 Tacoma.

16 Q. Focusing on your time between when you
17 started at HMC and before March of this year when
18 you became promoted, what were your job duties?

19 A. So I was responsible for the overall
20 function of the laboratory, make sure that staffing
21 is adequate, that we meet regulatory requirements,
22 setting the budget and maintaining, you know, fiscal
23 responsibility; developing new methods or, you know,
24 implementing new analyzers; making sure the
25 point-of-care program met the user needs, monitoring

1 quality, our turnaround times, critical value call
2 times. Everything.

3 Q. And you've mentioned a couple times the
4 -- the patient -- or the point-of-care department.

5 A. Uh-huh.

6 Q. What -- what is that?

7 A. Point-of-care testing is laboratory
8 testing that's performed by nonlaboratorians. So
9 traditionally, providers order tests, and the
10 samples go to the lab and laboratorians perform the
11 testing, but there are a few simple and basic tests
12 that nurses or MAs can do at the bedside. Like a
13 glucometer -- finger stick glucometer would be one
14 example of point-of-care testing. But there are
15 regulations that surround that as well, so we have a
16 point-of-care coordinator that makes sure that all
17 the nonlaboratorians are doing things the way they
18 ought to.

19 Q. And would -- would that testing occur
20 inpatient in -- in hospital?

21 A. Yes.

22 Q. Is there a category of people that you
23 supervise that would relate to the systems and
24 processes or...

25 A. I don't understand --

1 A. My understanding is that when The Doctors
2 Clinic and the Franciscans did what they -- the
3 arrangement that they have, that part of that
4 arrangement was to move, I think, some surgeries,
5 but certainly I recall imaging and laboratory
6 services were to transition to Harrison.

7 Q. Is it your understanding that this was --
8 was the plan from the outset?

9 A. That is my understanding.

10 Q. And with respect to the previous LISs,
11 you said that you were more of a participant in
12 that.

13 A. (Witness nods head up and down.)

14 Q. Was it different with respect to TDC?

15 MS. ANDRADE: Objection. Vague.

16 Q. TDC's LIS?

17 MS. ANDRADE: Same objection.

18 A. Yeah. Can you clarify the question a
19 little bit?

20 Q. Sure.

21 A. Thanks.

22 Q. Did you participate in -- in the plan to
23 close the TDC lab and transition it to HMC?

24 A. I am still participating in that plan.

25 Q. Okay. And what -- can you describe your

1 participation?

2 A. I am working in conjunction with leaders
3 at The Doctors Clinic to build -- you know, a lot of
4 the same things as I described in how to build the
5 Beaker system. Basically, building -- making sure
6 all of The Doctors Clinic's orders have a matching
7 component in the Beaker system so that when they
8 order their tests, they -- we're building an
9 interface right now so that when their orders cross
10 into the Beaker system, it is the correct order;
11 that when the results go back, they file in the
12 right places; the high or low or abnormal criticals.
13 All of these components that we described earlier
14 for Beaker is -- the integrity is maintained when
15 the results -- orders and results go back and forth
16 between The Doctors Clinic Intergrity system and the
17 Beaker system.

18 Q. And would you describe yourself as
19 leading this effort from HMC?

20 A. I would.

21 Q. Is there anybody else at HMC that is
22 leading this effort?

23 A. At HMC?

24 Q. (Nods head up and down.)

25 A. I have -- some of the managers are also